

Executive Summary – Enforcement Matter – Case No. 39111

Dolphin Petroleum, LP

RN100216902

Docket No. 2012-0894-AIR-E

Order Type:

Findings Agreed Order

Findings Order Justification:

Three or more enforcement actions (NOVs, orders, etc.) over the prior five year period for the same violation(s) and indifference to legal duty based on violation of a previous order

Media:

AIR

Small Business:

Yes

Location(s) Where Violation(s) Occurred:

M E O'Connor, on Farm-to-Market Road 2678, four miles south of the intersection with Farm-to-Market Road 774, Refugio County

Type of Operation:

Oil and gas production plant

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: November 23, 2012

Comments Received: No

Penalty Information

Total Penalty Assessed: \$3,675

Amount Deferred for Expedited Settlement: \$0

Amount Deferred for Financial Inability to Pay: \$0

Total Paid to General Revenue: \$375

Total Due to General Revenue: \$3,300

Payment Plan: 11 payments of \$300 each

SEP Conditional Offset: \$0

Name of SEP: N/A

Compliance History Classifications:

Person/CN - Average

Site/RN - Average

Major Source: Yes

Statutory Limit Adjustment: N/A

Applicable Penalty Policy: September 2002

Executive Summary – Enforcement Matter – Case No. 39111

Dolphin Petroleum, LP

RN100216902

Docket No. 2012-0894-AIR-E

Investigation Information

Complaint Date(s): N/A

Complaint Information: N/A

Date(s) of Investigation: April 5, 2012 and May 7, 2012

Date(s) of NOE(s): April 17, 2012 and June 7, 2012

Violation Information

Failed to submit a permit compliance certification (“PCC”) within 30 days after the end of the certification period [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.146(2), Agreed Order Docket No. 2010-0193-AIR-E Ordering Provisions No. 2.a., Federal Operating Permit No. O-0257/Oil and Gas General Operating Permit No. 514 Site-wide Requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b)].

Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

By May 1, 2012, the Respondent implemented policies to ensure that PCCs are complete, accurate, and timely.

Technical Requirements:

N/A

Litigation Information

Date Petition(s) Filed: N/A

Date Answer(s) Filed: N/A

SOAH Referral Date: N/A

Hearing Date(s): N/A

Settlement Date: N/A

Contact Information

TCEQ Attorney: N/A

TCEQ Enforcement Coordinator: Rajesh Acharya, Enforcement Division, Enforcement Team 4, MC149, (512) 239-0577; Debra Barber, Enforcement Division, MC 219, (512) 239-0412

TCEQ SEP Coordinator: N/A

Respondent: Kenneth D. Conway, Sr., Vice President of Operations, Dolphin Petroleum, LP, P.O. Box 90, Alice, Texas 78333

Respondent's Attorney: N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES **Assigned** 16-Apr-2012 **PCW** 19-Jul-2012 **Screening** 24-Apr-2012 **EPA Due** 6-Jan-2013

RESPONDENT/FACILITY INFORMATION

Respondent Dolphin Petroleum, LP
Reg. Ent. Ref. No. RN100216902
Facility/Site Region 14-Corpus Christi **Major/Minor Source** Major

CASE INFORMATION

Enf./Case ID No. 39111 **No. of Violations** 1
Docket No. 2012-0894-AIR-E **Order Type** Findings
Media Program(s) Air **Government/Non-Profit** No
Multi-Media **Enf. Coordinator** James Nolan
EC's Team Enforcement Team 4

Admin. Penalty \$ Limit Minimum \$0 **Maximum** \$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1** \$2,500

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History 57.0% Enhancement **Subtotals 2, 3, & 7** \$1,425

Notes Enhancement for three NOV's with same/similar violations, one NOV with dissimilar violations, and two orders with denial of liability.

Culpability No 0.0% Enhancement **Subtotal 4** \$0

Notes The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments **Subtotal 5** \$250

Economic Benefit 0.0% Enhancement* **Subtotal 6** \$0

Total EB Amounts \$12
 Approx. Cost of Compliance \$250
 *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 **Final Subtotal** \$3,675

OTHER FACTORS AS JUSTICE MAY REQUIRE 0.0% **Adjustment** \$0

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount \$3,675

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty** \$3,675

DEFERRAL 0.0% Reduction **Adjustment** \$0

Reduces the Final Assessed Penalty by the indicted percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

No deferral is recommended for Findings Orders.

PAYABLE PENALTY \$3,675

Screening Date 24-Apr-2012

Docket No. 2012-0894-AIR-E

PCW

Respondent Dolphin Petroleum, LP

Policy Revision 2 (September 2002)

Case ID No. 39111

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100216902

Media [Statute] Air

Enf. Coordinator James Nolan

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (<i>number of NOVs meeting criteria</i>)	3	15%
	Other written NOVs	1	2%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	2	40%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (<i>number of judgements or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
Please Enter Yes or No			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 57%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance
History
Notes

Enhancement for three NOVs with same/similar violations, one NOV with dissimilar violations, and two orders with denial of liability.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 57%

Screening Date 24-Apr-2012

Docket No. 2012-0894-AIR-E

PCW

Respondent Dolphin Petroleum, LP

Policy Revision 2 (September 2002)

Case ID No. 39111

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100216902

Media [Statute] Air

Enf. Coordinator James Nolan

Violation Number 1

Rule Cite(s)

30 Tex. Admin. Code §§ 122.143(4) and 122.146(2), Agreed Order Docket No. 2010-0193-AIR-E Ordering Provisions No. 2.a., Federal Operating Permit No. O-0257/Oil and Gas General Operating Permit No. 514 Site-wide Requirements (b)(1) and (2), and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to submit a permit compliance certification ("PCC") within 30 days after the end of the certification period. Specifically, the PCC for the September 2, 2010 through September 1, 2011 certification period was due by October 1, 2011, but it was not received until February 6, 2012.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Major	Harm Moderate	Minor
Actual			
Potential			

Percent 0%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
	x		

Percent 25%

Matrix
Notes

The Respondent failed to comply with 100% of the rule requirements.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

359 Number of violation days

mark only one with an x	daily	
	weekly	
	monthly	
	quarterly	
	semiannual	
	annual	
	single event	x

Violation Base Penalty \$2,500

One single event is recommended.

Good Faith Efforts to Comply

10.0% Reduction

\$250

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		x
N/A		(mark with x)

Notes

The Respondent completed corrective actions by May 1, 2012, after the April 17, 2012 NOE.

Violation Subtotal \$2,250

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$12

Violation Final Penalty Total \$3,675

This violation Final Assessed Penalty (adjusted for limits) \$3,675

Economic Benefit Worksheet

Respondent Dolphin Petroleum, LP
Case ID No. 39111
Reg. Ent. Reference No. RN100216902
Media Air
Violation No. 1

Percent Interest 5.0
Years of Depreciation 15

Item Cost Date Required Final Date Yrs Interest Saved Onetime Costs EB Amount
Item Description No commas or \$

Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling	\$250	8-May-2011	1-May-2012	0.98	\$12	n/a	\$12
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to implement procedures to ensure that the PCC is complete, accurate, and timely. The Date Required is the effective date of Agreed Order Docket No. 2010-0193-AIR-E and the Final Date is the date corrective actions were completed.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

TOTAL

\$12

Compliance History Report

Customer/Respondent/Owner-Operator:	CN602504920	Dolphin Petroleum, LP	Classification: AVERAGE	Rating: 7.75
Regulated Entity:	RN100216902	M E OCONNOR	Classification: AVERAGE	Site Rating: 12.50
ID Number(s):	AIR OPERATING PERMITS	ACCOUNT NUMBER	RG0058M	
	AIR OPERATING PERMITS	PERMIT	257	
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	RG0058M	
	AIR NEW SOURCE PERMITS	AFS NUM	4839100026	
	AIR EMISSIONS INVENTORY	ACCOUNT NUMBER	RG0058M	
Location:	On Farm-to-Market Road 2678, four miles south of the intersection with Farm-to-Market Road 774, REFUGIO COUNTY, TX, 78377			
TCEQ Region:	REGION 14 - CORPUS CHRISTI			
Date Compliance History Prepared:	April 24, 2012			
Agency Decision Requiring Compliance History:	Enforcement			
Compliance Period:	April 24, 2007 to April 24, 2012			
TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History				
Name:	James Nolan	Phone:	(512) 239-6634	

Site Compliance History Components

- Has the site been in existence and/or operation for the full five year compliance period? YES
- Has there been a (known) change in ownership/operator of the site during the compliance period? NO
- If YES, who is the current owner/operator? N/A
- If YES, who was/were the prior owner(s)/operator(s)? N/A
- If YES, when did the change(s) in owner or operator occur? N/A
- Rating Date: 9/1/2011 Repeat Violator: NO

Components (Multimedia) for the Site :

- Final Enforcement Orders, court judgments, and consent decrees of the State of Texas and the federal government.

Effective Date:	10/23/2008	ADMINORDER	2008-0513-AIR-E
Classification:	Moderate		
Citation:	30 TAC Chapter 122, SubChapter B 122.146(1) 5C THSC Chapter 382 382.085(b)		
Rqmt Prov:	FOP O-00257 OP		
Description:	Failure to comply with the General Operating Permit (GOP) Compliance Certification Terms and Conditions. Specifically, the regulated entity failed to submit an annual compliance certification for Title V GOP O-00257 for the certification period of September 2, 2006 through September 1, 2007.		
Effective Date:	05/08/2011	ADMINORDER	2010-0193-AIR-E
Classification:	Moderate		
Citation:	30 TAC Chapter 122, SubChapter B 122.143(4) 30 TAC Chapter 122, SubChapter B 122.146(2) 5C THSC Chapter 382 382.085(b)		
Rqmt Prov:	GOP 514, Site-wide Requirement (b)(2) OP		
Description:	Failed to submit the annual permit compliance certification ("PCC") within 30 days after the end of the certification period. Specifically, the PCC for the September 2, 2008 through September 1, 2009 period was submitted on January 11, 2010, which was 102 days late.		
- Any criminal convictions of the state of Texas and the federal government.

N/A
- Chronic excessive emissions events.

N/A
- The approval dates of investigations. (CCEDS Inv. Track. No.)

1	02/27/2008	(618677)
2	02/27/2008	(619080)

3 07/07/2008 (685125)
 4 10/16/2008 (704461)
 5 01/28/2010 (789230)
 6 06/15/2011 (901621)
 7 01/05/2012 (974231)
 8 04/11/2012 (996773)

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date: 02/28/2008 (619080) CN602504920
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter F 122.503(a)(2)
 5C THSC Chapter 382 382.085(b)
 FOP O-00257 OP
 Description: Failure to comply with the General Operating Permit (GOP) Application Revisions for Changes at a Site. Specifically, the regulated entity failed to submit an application revision to Title V GOP No. O-00257 for a change in the permit identification of ownership from Citation Oil and Gas Corporation to Dolphin Petroleum.

Date: 10/16/2008 (704461) CN602504920
 Self Report? NO Classification: Minor
 Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(C)
 5C THSC Chapter 382 382.085(b)
 O-00257 OP
 Description: Failure to comply with the Federal Operating Permit (FOP) Reporting Terms and Conditions for FOP O-00257. Specifically, Dolphin Petroleum failed to submit the Semi-Annual Deviation Report, for the six-month period of September 2, 2007 to March 1, 2008, within 30 days of the reporting period. The Semi-Annual Deviation Report was due to be submitted by April 1, 2008 and was not submitted until April 22, 2008.

Date: 06/15/2011 (901621) CN602504920
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
 30 TAC Chapter 122, SubChapter B 122.146(1)
 5C THSC Chapter 382 382.085(b)
 Special Terms&Conditions Sec. (b)(1)&(2) OP
 Description: Failure to certify compliance with the terms and conditions of the permit for at least each 12-month period following initial permit issuance. Specifically, Dolphin Petroleum, LP failed to certify September 2, 2009 through March 1, 2010 for the M.E. O'Connor facility.

Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
 30 TAC Chapter 122, SubChapter B 122.146(2)
 5C THSC Chapter 382 382.085(b)
 Special Terms&Conditions Sec. (b)(1)&(2) OP
 Description: Failure to submit the certification to the executive director and the EPA administrator no later than 30 days after the end of the certification period. Specifically, Dolphin Petroleum, LP submitted the certification for the M.E. O'Connor facility on October 19, 2010, 79 days after the end of the certification period.

Date: 12/30/2011 (974231) CN602504920
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
 30 TAC Chapter 122, SubChapter B 122.146(2)
 5C THSC Chapter 382 382.085(b)
 GOP 514, Site-wide Requirement (b)(2) OP
 Description: Failed to submit the annual permit compliance certification ("PCC") within 30 days after the end of the certification period. Specifically, the PCC for the September 2, 2008 through September 1, 2009 period was submitted on January 11, 2010, which was 102 days late.

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
DOLPHIN PETROLEUM, LP
RN100216902**

**§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§ ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2012-0894-AIR-E

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Dolphin Petroleum, LP ("Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent presented this agreement to the Commission.

The Respondent understands that it has certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, the Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated settlement of the parties. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable. The duties and responsibilities imposed by this Agreed Order are binding upon the Respondent.

The Commission makes the following Findings of Fact and Conclusions of Law:

I. FINDINGS OF FACT

1. The Respondent owns and operates an oil and gas production plant on Farm-to-Market Road 2678, four miles south of the intersection with Farm-to-Market Road 774 in Refugio County, Texas (the "Plant").

2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. During an investigation on April 5, 2012 and a record review conducted on May 7, 2012, TCEQ staff documented that the Respondent failed to submit a permit compliance certification ("PCC") within 30 days after the end of the certification period. Specifically, the PCC for the September 2, 2010 through September 1, 2011 certification period was due by October 1, 2011, but it was not received until February 6, 2012.
4. The Respondent received notices of the violations on April 23, 2012 and June 11, 2012.
5. The Executive Director recognizes that by May 1, 2012, the Respondent implemented policies to ensure that PCCs are complete, accurate, and timely.

II. CONCLUSIONS OF LAW

1. The Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7 and the rules of the Commission.
2. As evidenced by Findings of Fact No. 3, the Respondent failed to submit a PCC within 30 days after the end of the certification period, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.146(2), Agreed Order Docket No. 2010-0193-AIR-E Ordering Provisions No. 2.a., Federal Operating Permit No. O-0257/Oil and Gas General Operating Permit No. 514 Site-wide Requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b).
3. Pursuant to TEX. WATER CODE § 7.051, the Commission has the authority to assess an administrative penalty against the Respondent for violations of the Texas Water Code and the Texas Health and Safety Code within the Commission's jurisdiction; for violations of rules adopted under such statutes; or for violations of orders or permits issued under such statutes.
4. An administrative penalty in the amount of Three Thousand Six Hundred Seventy-Five Dollars (\$3,675) is justified by the facts recited in this Agreed Order, and considered in light of the factors set forth in TEX. WATER CODE § 7.053. The Respondent has paid Three Hundred Seventy-Five Dollars (\$375) of the administrative penalty. The remaining amount of Three Thousand Three Hundred Dollars (\$3,300) of the administrative penalty shall be payable in 11 monthly payments of Three Hundred Dollars (\$300) each. The next monthly payment shall be paid within 30 days after the effective date of this Agreed Order. The subsequent payments shall each be paid not later than 30 days following the due date of the previous payment until paid in full. If the Respondent fails to timely and satisfactorily comply with the payment requirements of this Agreed Order, the Executive Director may, at the Executive Director's option, accelerate the maturity of the remaining installments, in which event the unpaid balance shall become immediately due and payable without demand or notice. In addition, the failure of the Respondent to meet the payment schedule of this Agreed Order constitutes

the failure by the Respondent to timely and satisfactorily comply with all the terms of this Agreed Order.

III. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. The Respondent is assessed an administrative penalty in the amount of Three Thousand Six Hundred Seventy-Five Dollars (\$3,675) as set forth in Section II, Paragraph 4 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Dolphin Petroleum, LP, Docket No. 2012-0894-AIR-E" to:

Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
3. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
4. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
5. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to the

Respondent if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.

6. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
7. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
8. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
9. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. By law, the effective date of this Agreed Order is the third day after the mailing date, as provided by 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission



For the Executive Director

2/8/13

Date

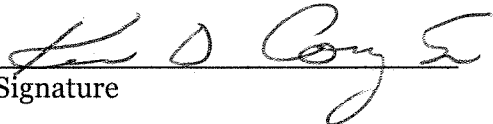
I, the undersigned, have read and understand the attached Agreed Order in the matter of Dolphin Petroleum, LP. I am authorized to agree to the attached Agreed Order on behalf of Dolphin Petroleum, LP, and do agree to the specified terms and conditions. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I understand that by entering into this Agreed Order, Dolphin Petroleum, LP waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.



Signature

10-1-2012

Date

Kenneth D. Conway Sr.

Name (Printed or typed)

Authorized Representative of
Dolphin Petroleum, LP

UP operation

Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section III, Paragraph 1 of this Agreed Order.